



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-31, Oregon State Income Tax Withholding

Date: October 22, 2004

To: Holders of TAXES (State of Oregon only)
Personnel User Groups
T&A Contact Points in Oregon

Beginning with wages paid for Pay Period 21, the National Finance Center (NFC) will make the following changes to the state of Oregon income tax withholdings:

The annualized deduction for Federal tax withheld will decrease from a maximum of \$5,000 to \$4,000.

The annual tax credit, per exemption, will increase from \$146 to \$151.

The Married or Head of Household/Single (With Three or More Exemptions) and the Single (With Less Than Three Exemptions) withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

MARK J. HAZUDA, Director
Government Employees Services Division

Oregon State Income Tax Information

State Abbreviation:	OR
State Tax Withholding State Code:	41
Acceptable Exemption Form:	W-4
Basis For Withholding:	State or Federal Exemptions
Acceptable Exemption Data:	S, M, H / Number of Exemptions
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	If a state income tax certificate has not been processed or if a valid state exemption code is not present, the Federal exemption code will be used in the computation of state tax or if an invalid marital status (other than S, M, or H) is present with the number of state exemptions, the highest Oregon withholding rate (Single) with the number of exemptions will be used in the computation of state tax.

Withholding Formula ►(Effective Pay Period 21, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
5. Multiply the biweekly Federal income tax withholding times 26 to obtain the annual Federal income tax withholding (up to a maximum of ►\$4,000)◄ and deduct from the result of step 4.
6. Apply the taxable income computed in step 5 to the following table to determine the annual Oregon tax withholding.

Tax Withholding Table				
Married or Head of Household				
or				
Single (With Three or More Exemptions)				
If the Amount of Taxable Income Is:		The Amount of Oregon Tax Withholding Should Be:		
Over:	But Not Over:	Of Excess Over:		
\$ ►0	\$ 2,725	\$ 0	plus 0%	\$ 0
2,725	16,065	0	plus 7%	2,725
16,065	and over	934	plus 9%	16,065◄

**Single
(With Less Than Three Exemptions)**

▶ If the Amount of Taxable Income Is:

The Amount of Oregon Tax
Withholding Should Be:

Over:	But Not Over:				Of Excess Over:
\$ ▶ 0	\$ 300	\$	0	plus 0%	\$ 0
300	8,030		0	plus 7%	300
8,030	and over		541	plus 9%	8,030 ◀

7. Multiply the number of exemptions by ▶\$151◀ and subtract from the result of step 6.
8. Divide the annual Oregon tax withholding by 26 to obtain the biweekly Oregon tax withholding.